

EXHIBIT A



**SUMMARY REPORT ON THE RESULTS OF
THE INDIVIDUAL REVIEWS OF
70 HOSPITALS
RECEIVING EXTRAORDINARY EXPENSE
TOBACCO FUND PAYMENTS AND
94 HOSPITALS
RECEIVING UNCOMPENSATED CARE
TOBACCO FUND PAYMENTS FROM THE
DEPARTMENT OF PUBLIC WELFARE
IN NOVEMBER 2010**

COMMONWEALTH OF PENNSYLVANIA

EUGENE A. DePASQUALE - AUDITOR GENERAL

DEPARTMENT OF THE AUDITOR GENERAL



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**EUGENE A. DePASQUALE
AUDITOR GENERAL**

May 23, 2014

The Honorable Tom Corbett
Governor
Commonwealth of Pennsylvania
Harrisburg, Pennsylvania 17120

Dear Governor Corbett:

The Tobacco Settlement Act of June 26, 2001 (P.L. 755, No. 77), as amended, 35 P.S. § 5701.101 et seq. (Act), mandated the Department of Public Welfare (DPW) to make payments to hospitals for a portion of uncompensated care services provided by these facilities. On November 29, 2010, the DPW calculated payment entitlements totaling \$88,536,970 to fund a total of 164 hospitals for uncompensated care under the extraordinary expense approach and the uncompensated care approach. Under the extraordinary expense approach, 70 hospitals were allocated a total of \$13,280,546. These payments were based on claims data submitted by the hospitals to the Pennsylvania Health Care Cost Containment Council (PHC4). Under the uncompensated care approach, 94 additional hospitals were allocated a total of \$75,256,424. These payments were based on three-year averages from five main data elements (for a total of fifteen data elements). These data elements are uncompensated care costs, net patient revenues, Medicare supplemental security income (Medicare SSI) days, Medical Assistance (MA) days and total inpatient days.

The Department of the Auditor General conducted reviews of the data submitted by each of these hospitals to determine whether each hospital received what it was entitled to under the requirements of this Act. This report summarizes the results of our 164 reviews and includes recommendations for improving the program's data collection and payment process.

The Department of the Auditor General performed reviews of the documentation submitted to the PHC4 by all 70 hospitals that received the extraordinary expense payments made on November 29, 2010. The purpose of these reviews was to determine whether proper documentation existed to support the claims submitted as extraordinary expense-eligible claims and to determine whether each hospital received the payment to which it was entitled. The results of these reviews determined that \$859,496 of the \$13,280,546 originally calculated and distributed to the 70 hospitals under the extraordinary expense method require repayment to the Commonwealth and redistribution by the DPW to the qualified hospitals. This net overpayment consists of 16 hospitals that were overpaid by a total of \$5,586,506 and 54 hospitals that were underpaid by a total of \$4,727,010.

The Department of the Auditor General also performed reviews of the documentation submitted to the PHC4 and the DPW by all 94 hospitals that received uncompensated care payments made on November 29, 2010. The purpose of these reviews was to determine whether proper documentation existed for the fifteen data elements utilized by the DPW for each of the hospitals and to determine whether each hospital received the payment to which it was entitled. The results of these reviews determined that a redistribution of the original payments is required. Ten hospitals were overpaid, while 77 hospitals were underpaid, resulting in a redistribution of \$926,483. Seven hospitals' payments were capped due to the upper payment limit and, therefore, no adjustments were made to their original payments. One hospital, Wayne County Memorial Hospital, did not originally qualify for payment under the uncompensated care approach as its UC score fell below the median UC score for all hospitals. However, as a result of our reviews, the median UC score increased from 18.8881% to 18.9324%; thus allowing Wayne County Memorial Hospital to qualify for payment under the uncompensated care approach. Therefore, a total of 95 hospitals are included in the redistribution of uncompensated care payments, as shown on page 24 of this report.

In prior issued summary reports, only the extraordinary expense payment approach was detailed, we were not conducting reviews of uncompensated care payments at that time. Regarding the status of the finding included in our prior summary report, we acknowledge that while the DPW has complied annually with our recommendation to collect any overpayments from, or make additional payments to, hospitals based upon the results of our individual reviews, the DPW has again failed to fully address our recommendation to develop a process that would ensure a more reliable database of hospitals' claims from which extraordinary expense payments are determined. This is the fifth consecutive year that DPW has failed to address this recommendation, as included in each of our annual extraordinary expense summary reports. As claims data utilized by the DPW is not entirely accurate and results in hospitals receiving more or less in extraordinary expense payments than they are entitled to receive, the DPW should implement our recommendation, as noted in detail on page 4 of this report. This summary report also includes a second finding which addresses the uncompensated care payment approach for the first time, as noted in detail on page 6 of this report. As with the extraordinary expense approach, the data utilized by the DPW is not entirely accurate or could not be verified and results in hospitals receiving more or less in uncompensated care payments than they are entitled to receive. We believe our recommendations will result in more reliable data from which the DPW can base its extraordinary expense and uncompensated care payments to qualified hospitals.

Sincerely,



EUGENE A. DEPASQUALE
Auditor General

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BACKGROUND

Beginning in June 2002, hospitals that qualified for payments under the Tobacco Settlement Act of June 26, 2001 (P.L. 755, No. 77), as amended, 35 P.S. § 5701.101 et seq. (Act), could receive funds using either an extraordinary expense approach or an uncompensated care approach. Under the extraordinary expense approach, payment is based on a hospital's number of qualified claims. Qualified claims are those claims in which the cost of the claim exceeded twice the average cost of all claims for a particular hospital and for which the hospital provided inpatient services to an uninsured patient. Under the uncompensated care approach, payment is based on the level of uncompensated care at each hospital and is determined by using three-year averages from five main data elements (for a total of fifteen data elements). These data elements are uncompensated care costs, net patient revenues, Medicare supplemental security income (Medicare SSI) days, Medical Assistance (MA) days and total inpatient days. It should be noted that the 2010 uncompensated care payment was to be calculated based on three-year averages of these data elements for the fiscal years ended June 30, 2006, 2007, and 2008. However, due to errors in data used by the Centers for Medicare and Medicaid Services (CMS) to calculate the Medicare SSI days for the fiscal years ended June 30, 2006, 2007, 2008, and 2009, the DPW chose to calculate the 2010 Medicare SSI days data element based on three-year averages of Medicare SSI days for the fiscal years ended June 30, 2003, 2004, and 2005, as these years represent the most recent data available for Medicare SSI days.

To calculate the extraordinary expense payments it made to the 70 hospitals in November 2010, the DPW used claims data for the period July 1, 2007 to June 30, 2008 submitted by hospitals to the PHC4. To calculate the uncompensated care payments it made to the 94 hospitals in November 2010, the DPW used uncompensated care costs and net patient revenues submitted to the PHC4 for the fiscal years ended June 30, 2006, 2007, and 2008; patients' census records supporting MA days and total inpatient days, as included on the facility's MA cost reports submitted to the DPW for the fiscal years ended June 30, 2006, 2007, and 2008; and the Medicare SSI days, as determined by the CMS for the fiscal years ended June 30, 2003, 2004, and 2005.

SCOPE, OBJECTIVE, AND METHODOLOGY

Extraordinary Expense Approach

The Department of the Auditor General performed reviews of the data submitted to the PHC4 by the 70 hospitals that received extraordinary expense payments made on November 29, 2010 and analyzed the applicable claims data for the period July 1, 2007 to June 30, 2008. The purpose of our reviews was to determine whether the hospitals could substantiate their reported claims and verify that the patient was uninsured and received no compensation from third party payers such as Medicare, Medicaid, or Blue Cross. Payments made by the patient themselves toward their financial obligation reduced the allowable costs of the respective claim when determining eligibility. In conducting our reviews, we allowed hospitals to include eligible claims not initially reported.

The methodology in support of our objective included:

- reviewing Chapter 11 of the Act and other pertinent information;
- reviewing hospital charity care and bad debt policies and procedures;
- interviewing hospital personnel about the procedures followed to determine each patient's payer classification status;
- verifying receipt of the tobacco payment by the hospital;
- verifying the accuracy of the claims data submitted by the hospital to the PHC4 and subsequently by the PHC4 to the DPW, as well as the cost to charge ratios utilized by the DPW;
- examining patients' records to verify self-pay status and to determine if any payments were made by the patient toward their financial obligation;
- verifying claims met the minimum claim charge to qualify as extraordinary expense;
- reviewing any additional hospital claims for the period July 1, 2007 to June 30, 2008 not originally submitted to determine eligibility; and
- recalculating the hospital's extraordinary expense tobacco payment entitlement based on revised information.

Uncompensated Care Approach

The Department of the Auditor General performed reviews of the data submitted to the PHC4 and the DPW by the 94 hospitals that received the November 2010 uncompensated care payments and analyzed data for the fiscal years ended June 30, 2006, June 30, 2007, and June 30, 2008 (June 30, 2003, June 30, 2004, and June 30, 2005 for Medicare SSI days). The purpose of these reviews was to determine whether proper documentation existed for the fifteen data elements utilized by the DPW for each of the hospitals.

SCOPE, OBJECTIVE, AND METHODOLOGY (Continued)

The methodology in support of our objective included:

- reviewing Chapter 11 of the Act and other pertinent information;
- reviewing hospital charity care policies and procedures;
- interviewing hospital personnel about the procedures followed to submit the original data and any revisions, if applicable, to the PHC4;
- verifying receipt of the tobacco payment by the hospital;
- verifying the accuracy of the bad debt expense and charity care costs, which are factors of uncompensated care costs, and net patient revenue submitted by the hospital to the PHC4 and subsequently by the PHC4 to the DPW, as well as the cost to charge ratios utilized by the DPW;
- verifying the accuracy of the fee-for-service days, Health Maintenance Organization HMO days, and out-of-state days, which are factors of total MA days, and total inpatient days submitted by the hospital to the DPW;
- verifying the accuracy of the Medicare SSI days utilized by the DPW based on data from the CMS website database;
- recalculating the hospital's UC score using the verified fifteen data elements; and
- recalculating the hospital's uncompensated care tobacco payment entitlement based on revised information.

FINDINGS AND RECOMMENDATIONS

Finding No. 1: Extraordinary Expense Claims Data Utilized By The DPW Was Not Entirely Accurate Resulting In Hospitals Receiving \$859,496 More Than They Were Entitled To Receive.

Condition: We determined that of the 789 extraordinary expense claims totaling \$13,280,546 originally reported by the 70 hospitals, only 489 (62 percent) were allowable. We further determined that another 47 claims, not originally included in the PHC4 database of claims for the same period, were allowable. (See Exhibits 1 and 2.)

Criteria: Act 77 of 2001, Chapter 11, gives the DPW the responsibility to collect the necessary data, determine eligibility, and calculate and make extraordinary expense payments to qualified hospitals on an annual basis.

Cause: When reviewing hospitals' extraordinary expense claims we found that the hospitals' initial payer designations given to these claims when patients began hospital stays, either subsequently changed or were never updated to reflect changes that occurred during or after their hospital stays. This resulted in changes to the hospitals' "compensated" or "uncompensated" status for certain extraordinary expense claims. Such incorrect statuses of claims are provided by many hospitals to the PHC4 which then forwards the incorrect data to the DPW where it is used to calculate extraordinary expense payments. This problem causes concern related to the DPW's use of the PHC4 database since that database does not always contain finalized payer designations.

Because of similar findings reported in previous years, the PHC4, in conjunction with the DPW, initiated a process in January 2005 that gave hospitals an additional claims verification opportunity prior to final tobacco payments being calculated and processed. Although the PHC4 has established a website that allows hospitals access to extraordinary expense claims data in order to make revisions, not all hospitals access the website to revise incorrect claims data initially reported to the PHC4. Failure of hospitals to access, review and update claims data accurately contributed to the disallowance of claims during our reviews.

Effect: The DPW initially distributed \$13,280,546 of extraordinary expense tobacco payments for 2010 based on 789 claims originally submitted by the 70 hospitals. However, the provision of Act 77 of 2001 limits the DPW's payments to hospitals to the actual costs of their qualified claims. As a result of our procedures, we determined that a total of 489 claims qualified for payment and that the actual cost of these qualified claims is \$12,421,050; thus, limiting the amount of funds available for distribution to \$12,421,050 (See Exhibit 3). We adjusted certain claims resulting in a new extraordinary expense overpayment of \$859,496. This net overpayment consists of the following:

FINDINGS AND RECOMMENDATIONS (Continued)

	<u>Number</u>	<u>Total Amount</u>
Hospitals Overpaid	16	\$ 5,586,506
Hospitals Underpaid	54	\$(4,727,010)
Total Net Overpayment	70	\$ 859,496

Recommendations: We again recommend that the DPW establish a mandatory requirement consisting of hospitals accessing the PHC4's website during the claims verification process timeframes established by the PHC4 and requiring hospitals to make any corrections to previously submitted claims data as necessary. This is the fifth consecutive year that the DPW has failed to address this recommendation. Therefore, we further recommend that the DPW establish a penalty for all hospitals failing to adhere to this process. If the DPW believes that the PHC4 verification process does not resolve substantial disallowances, the DPW should consider implementing another process to collect final hospital extraordinary expense data or work with the PHC4 to develop a more reliable claims database from which to base the DPW's extraordinary expense payments to qualified hospitals.

We also recommend that the DPW continue to collect any overpayments from, or make additional payments to, hospitals based upon the results of our individual reviews.

Department of Public Welfare's Response: See pages 27 through 31 of this report for the DPW's complete response to this finding.

Pennsylvania Health Care Cost Containment Council's Response: See pages 32 and 33 of this report for the PHC4's complete response to this finding.

Auditor's Conclusion: In response to the DPW and the PHC4, although 93% of the extraordinary expense hospitals utilized the PHC4's website to verify their data, we found that many of these hospitals revised the claims data inaccurately. Specifically, four hospitals which utilized the verification website still accounted for the vast majority of the overpayments and underpayments due to adding or removing claims at the time of our review instead of during the website verification process. (See Exhibits 1 and 3.) The DPW's further inspection into these hospitals' processes could alleviate such discrepancies in the future.

The Department of the Auditor General understands that the DPW must use the best information available at the time to determine eligibility and to calculate subsidy payment amounts in order to report this information to the General Assembly by November 30 of each year. In this, and in prior audits, we have considered that the DPW's subsidy payments represent estimated payments based on qualifying claims data available at that time and that the purpose of our reviews is to adjust these estimated payments to actual based on the most recent data available for the qualifying claims related to the payment year under review. Additionally, because hospitals' collection efforts for the respective claims continue after the DPW's endpoint, our process requires hospitals to affirm that no further collections efforts will be pursued and that related accounts will be considered closed after our department confirms eligibility; thus setting an endpoint after which no other changes can occur.

FINDINGS AND RECOMMENDATIONS (Continued)

As a recommending agency, the Department of the Auditor General understands the DPW's position to wait to make the determination if any adjustments will be made given the uncertainty of the program going forward. If the program remains in existence, our recommendations stand.

Finding No. 2: Uncompensated Care Data Elements Utilized By The DPW Were Not Entirely Accurate Resulting In A Need For A Redistribution Of \$926,483 Among The 94 Hospitals That Received This Payment.

Condition: We determined that the uncompensated care data submitted to the PHC4 and the DPW by the individual hospitals was not entirely accurate which led to revisions in the median UC score and individual UC scores for individual hospitals. Furthermore, eight hospitals were unable to substantiate one or more data elements. (See Exhibits 4 and 5.)

Criteria: Act 77 of 2001, Chapter 11, gives the DPW the responsibility to collect the necessary data, determine eligibility, and calculate and make uncompensated care payments to qualified hospitals on an annual basis.

Cause: Data initially submitted by the hospitals to the PHC4 and the DPW was not always accurate based on our review of the source documentation, such as audited financial statements and patient census reports. In addition, an update was made to the CMS database for Medicare SSI days for the fiscal year ended June 30, 2005, which occurred after the 2010 uncompensated care payment calculation was made. These issues resulted in revisions to the hospitals' UC scores. Finally, we were unable to obtain any supporting documentation for the 15 data elements for eight hospitals as a result of the following: two hospitals ceased operations prior to the start of our reviews; four hospitals experienced a change of ownership and supporting documentation was not maintained; and two hospitals failed to respond to repeated requests for documentation.

Effect: The DPW initially determined that 94 hospitals qualified for uncompensated care payments and distributed \$75,256,424 of uncompensated care entitlements for 2010. As a result of our procedures, we determined that one of the 94 hospitals that DPW initially determined qualified, Troy Community Hospital, did not actually qualify for the payment it received and that Wayne County Memorial Hospital, that DPW initially determined did not qualify, actually did qualify for the payment; thus, 94 hospitals qualified for uncompensated care payments. We adjusted hospitals' UC scores based on our review of their documentation resulting in a redistribution of funds based on these findings. For the eight hospitals for which we were unable to obtain supporting documentation, we were unable to verify the accuracy of these hospitals' UC scores. The DPW's method used to recalculate each hospital's entitlement does not penalize hospitals for their failure to provide supporting documentation for claimed data elements. Therefore, the UC scores for these eight hospitals were calculated as if the unverified data elements were verified as accurate. This resulted in six of the eight hospitals' revised entitlements being greater than their original payments. One hospital's revised entitlement decreased due to adjustments to data elements for which documentation was provided and one hospital's entitlement was capped at its average uncompensated care costs and therefore no change occurred.

FINDINGS AND RECOMMENDATIONS (Continued)

	<u>Number</u>	<u>Total Amount</u>
Hospitals Overpaid	10	\$ 926,483
Hospitals Underpaid	78	\$(926,483)
Hospitals Capped at UPL	7	\$ 0
Total Net Overpayment	<u>95</u>	<u>\$ 0</u>

(Note: These totals include Wayne County Memorial Hospital and Troy Community Hospital as explained above)

Recommendations: We recommend that the DPW collect any overpayments from, or make additional payments to, hospitals based upon the results of our uncompensated care reviews. Troy Community Hospital should be required to return the payment it received due to the fact that the hospital's UC Score, based upon the results of our reviews, fell below the median UC Score to qualify for uncompensated care payment. Based upon data from the PHC4, Troy Community Hospital did not have any self-pay claims in which the cost of the claim exceeded twice the average cost of all claims for that hospital. Therefore, Troy Community Hospital would not qualify for extraordinary expense payment either. We further recommend that the DPW establish a system that penalizes each hospital for each data element for which it fails to provide supporting documentation.

Wayne County Memorial Hospital originally received a payment under the extraordinary expense approach; however, the results of our review determined that the hospital's UC score exceeded the median UC Score required to qualify for uncompensated care payment. Wayne County Memorial Hospital is entitled to a higher payment using the uncompensated care approach than it received under the extraordinary expense approach. Therefore we recommend that Wayne County Memorial Hospital receive the additional payment from the uncompensated care approach for which it is entitled.

Department of Public Welfare's Response: See pages 27 through 31 of this report for the DPW's complete response to this finding.

Pennsylvania Health Care Cost Containment Council's Response: See pages 32 and 33 of this report for the PHC4's complete response to this finding.

Auditor's Conclusion: In response to the DPW and the PHC4, the Department of the Auditor General conducted reviews for all 164 hospitals that received extraordinary expense payments or uncompensated care payments made on November 29, 2010. Each of the 164 reviews consisted of verifying the uncompensated care score for each hospital. There are an additional 33 hospitals whose uncompensated care score was used in the payment calculation but did not qualify for a payment under either approach. These 33 hospitals were not reviewed because our authority to audit the tobacco settlement monies only applies to those hospitals who received a payment. At the DPW's request, we will review all eligible hospitals' data in order to provide a more accurate basis on which to redistribute the uncompensated care payments beginning with payments made on August 27, 2012 (2012 payment year).

FINDINGS AND RECOMMENDATIONS (Continued)

As with the extraordinary expense payments, a few hospitals accounted for a large percentage of the overpayments and underpayments. (See Exhibit 5) The DPW's further inspection into these hospitals' processes could alleviate such discrepancies in the future. As a recommending agency, the Department of the Auditor General understands the DPW's position to not establish or implement any new policies, procedures, or practices for this program given the uncertainty of the program going forward. If the program remains in existence, our recommendations stand.

EXHIBIT 1 – EXTRAORDINARY EXPENSE

Exhibit 1 - Extraordinary Expense

DPW EE PAYMENTS BASED ON REPORTED CLAIMS

HOSPITAL	No. of FY 07/08 Extraordinary Expense Claims	Total Cost of EO Expense Claims FY07-08	% Share of EO Expense	Allocated EE Tobacco Money
ABINGTON MEMORIAL HOSP	13	379,961.70	1.0002	215,165.03
ALLEGHENY MED. CTR.	2	32,910.01	0.1360	18,498.43
ALTOONA HOSP	11	213,024.86	0.6003	120,631.85
AMERICAN ONCOLOGIC HOSPITAL	2	79,847.15	0.3406	45,215.91
BRANDYWINE HOSPITAL	4	126,928.33	0.5407	71,807.99
BRYAN MAJOR HOSP	5	262,806.12	1.2550	160,031.03
CANADABURG GENERAL HOSPITAL	1	12,450.29	0.0531	7,050.36
CARLE PLACE REGIONAL MED. CTR.	1	38,237.28	0.1630	21,653.04
CHARLES COLE MEMORIAL HOSP	1	15,761.85	0.0600	10,825.61
CHESTER COUNTY HOSP	8	199,584.55	0.8511	113,036.51
CHRISTIAN HILL HOSP	4	97,753.39	0.4168	55,365.81
CLEARFIELD HOSP	1	9,853.78	0.0376	4,987.11
DOVERLEIGH HOSP	5	84,815.03	0.3623	48,120.30
ENCLIS RITE HEALTH SYSTEM	1	253,913.51	1.0627	143,786.36
EVANGELICAL COMMUNITY HOSP	9	14,271.98	0.0609	8,081.95
EVANGELICAL COMMUNITY HOSP	12	195,665.14	0.7107	102,813.32
FULTON COUNTY MED. CTR	1	13,424.71	0.0572	7,602.16
GOOD SAMARITAN HOSP. OF LEBANON	7	137,656.28	0.5871	77,974.20
GOOD SHEPHERD REHABILITATION HOSP	1	36,808.06	0.1570	20,644.27
GRANDVIEW HOSP.	14	297,033.33	1.2665	168,204.28
GROVE CITY MEDICAL CENTER	1	8,801.63	0.0422	5,008.35
HANOVER GENERAL HOSP.	5	144,678.36	0.6301	110,343.63
HARLINGTON GENERAL HOSP.	4	67,819.51	0.2862	38,404.89
HEALTHSOUTH REHAB. OF ALTOONA	3	107,543.39	0.4557	65,922.41
HEALTHSOUTH REHAB. OF HARMARVILLE	2	89,388.16	0.3846	51,072.40
HEART OF LANCASTER REGIONAL MED. CTR	2	59,381.26	0.2157	29,643.20
HOLY ANNE HOSPITAL	3	137,038.36	0.5943	77,602.20
HOLY SPIRIT HOSP	3	96,959.14	0.4229	52,254.87
HUMAN REGIONAL MED. CTR.	1	35,927.59	0.1532	20,342.27
JAMES HOSP	1	14,878.18	0.0634	8,425.79
JEFFERSON REGIONAL MED. CTR	11	210,553.90	0.8957	118,949.59
JOHN HENZ INSTITUTE OF REHAB. MED.	1	21,567.20	0.0917	12,178.15
KANE COMMUNITY HOSP	2	25,751.66	0.1100	14,605.32
LANCASTER GENERAL HOSP	287	10,972,056.95	46.7848	6,713,262.63
LANCASTER HOSP	1	19,842.60	0.0050	11,204.92
LANSDALE HOSP	11	353,665.71	1.5063	200,274.17
LATROBE AREA HOSP	6	85,931.50	0.3664	48,662.49
LEHIGH VALLEY HOSP - MULLENBERG	7	300,511.67	0.8450	173,549.31
THE MEDICAL CENTER, BEAVER, PA	19	302,665.99	1.2595	171,396.22

ELIGIBLE EE CLAIMS AND RECALCULATED PAYMENT ENTITLEMENTS BASED ON AUDITOR GENERAL REVIEW

No. of FY 07/08 Extraordinary Expense Claims	Auditor Costs of EE Claims FY07-08	% Share of EO Expense	Revised EE Tobacco Money	Revised Limitation Based on Cost of FY 07-08 Extraordinary Expense Claims
18	516,981.03	4.1621	562,754	516,981
1	21,510.76	0.1740	23,126	21,511
12	230,204.00	1.8533	246,139	230,204
2	79,847.16	0.6428	85,372	79,847
3	84,923.03	0.6837	90,789	84,923
6	262,500.08	2.1744	302,048	262,500
1	12,375.29	0.0996	13,292	12,375
0	0.00	0.0000	0	0
1	7,970.50	0.0642	8,522	7,971
3	120,508.31	1.0334	137,005	120,509
3	78,852.68	0.6348	84,309	78,853
1	8,808.79	0.0709	9,416	8,807
5	84,978.03	0.6941	93,806	84,976
5	123,807.84	0.9972	132,428	123,808
1	14,271.68	0.1149	15,260	14,272
3	47,073.47	0.3765	50,207	47,073
8	114,665.45	0.9253	122,826	114,669
1	13,424.71	0.1081	14,354	13,425
9	170,588.60	1.3734	182,393	170,589
3	117,482.58	0.9458	125,812	117,483
13	280,616.62	2.2502	300,034	280,617
1	8,903.69	0.0737	10,589	8,904
5	181,323.30	1.4588	198,910	181,323
4	87,819.52	0.7059	92,512	87,820
3	107,503.38	0.8691	115,028	107,503
2	90,159.18	0.7281	98,430	90,159
1	20,080.65	0.1617	21,470	20,081
2	47,789.08	0.3847	51,096	47,789
3	96,930.47	0.7863	105,810	96,930
2	22,003.47	0.1771	23,526	22,003
1	14,859.16	0.1196	15,807	14,859
11	212,942.25	1.7141	227,645	212,942
0	0.00	0.0000	0	0
0	0.00	0.0000	0	0
51	1,304,659.79	10.5036	1,384,935	1,304,660
11	347,865.72	2.7969	371,723	347,868
5	207,435.91	1.6700	221,190	207,436
5	72,217.20	0.5814	77,214	72,217
7	200,517.07	1.6143	214,393	200,518
17	255,667.45	2.0663	273,359	255,667

EXHIBIT 1 – EXTRAORDINARY EXPENSE (continued)

Exhibit 1 - Extraordinary Expense (Continued)

DPW EE PAYMENTS BASED ON REPORTED CLAIMS

HOSPITAL	No. of FY 07-08 Extraordinary Expense Claims	Total Cost of EO Expense Claims FY 07-08	% Share of EO Expense	Allocated EE Tobacco Money
MERCY HOSP. - SCRANTON	9	224,227.63	0.9561	126,975.92
MINERS HOSPITAL OF NORTHERN CAMBRIA	1	10,879.92	0.0464	6,161.09
MONONGAHELA VALLEY HOSP.	4	96,894.12	0.4132	54,889.28
MOSES TAYLOR HOSP.	12	199,121.44	0.8491	112,758.68
MOUNT NITTANY MED. CTR.	7	155,140.01	0.6615	87,852.81
MUNCY VALLEY HOSP.	1	11,585.16	0.0494	6,560.48
NAZARETH HOSPITAL	3	67,428.25	0.2875	38,183.33
PAOLI MEMORIAL HOSP.	7	159,184.52	0.6788	90,143.14
PHOENIXVILLE HOSP.	12	392,848.65	1.5472	205,474.24
POCONO HOSP.	1	29,787.95	0.1259	16,857.04
POTTSTOWN MEMORIAL MED. CTR.	4	128,082.60	0.5452	72,536.39
READING HOSPITAL AND MED. CTR.	11	493,253.70	2.1033	279,325.28
RIDDLE MEMORIAL HOSP.	7	257,155.69	1.0987	145,845.11
ROBERT PACKER HOSP.	15	429,651.67	1.8379	243,416.76
ROXBOROUGH MEMORIAL HOSP.	4	96,162.88	0.4188	55,597.76
SEWICKLEY VALLEY HOSP.	13	201,054.95	0.8573	113,553.57
SHAMCKIN AREA COMMUNITY HOSP.	1	12,134.78	0.0517	6,871.58
ST. CLAIR MEMORIAL HOSP.	13	250,275.43	1.0672	141,726.16
ST. LUKE'S HOSP. BETHLEHEM	67	2,248,548.26	9.5878	1,273,309.81
ST. LUKE'S OLAKERTOWN HOSP.	2	26,118.58	0.1114	14,190.45
ST. MARY MED. CTR.	27	845,032.11	3.6032	478,525.48
UPMC-PASSAUNIT	10	252,163.02	1.0752	142,795.09
UPMC-ST. MARGARET	2	92,723.84	0.3954	52,107.24
WAYNE COUNTY MEMORIAL HOSPITAL *	1	10,120.25	0.0432	5,730.80
WAYNESBORO HOSP.	4	57,322.32	0.2444	32,460.53
WESTERN PENN. HOSP. - FORBES REG. CAMP	11	190,378.63	0.7891	102,144.96
WESTMORELAND HOSP.	13	281,719.85	1.2013	159,543.88
WILKES-BARRE GENERAL HOSPITAL	4	53,848.70	0.4602	53,144.72
WILLIAMSPORT HOSP.	18	494,946.93	2.1104	280,278.97
WINDBER HOSP.	4	47,974.04	0.2046	27,166.78
TOTALS	789	23,452,225	100.00	13,280,546

* Wayne County Memorial Hospital qualified for payment under the uncompensated care approach, therefore, will not receive payment under the extraordinary expense approach.

ELIGIBLE EE CLAIMS AND RECALCULATED PAYMENT ENTITLEMENTS BASED ON AUDITOR GENERAL REVIEWS

No. of FY 07-08 Extraordinary Expense Claims	Adjusted Costs of EE Claims FY 07-08	% Share of EO Expense	Reallocated Tobacco Money	Payment Limitation Based on Cost of FY 07-08 Extraordinary Expense Claims
9	224,944.47	1.8110	240,510	224,944
1	10,802.54	0.0378	11,857	10,903
4	93,855.38	0.7517	99,826	93,355
11	174,501.70	1.4049	186,577	174,502
7	154,984.47	1.2478	165,709	154,984
0	0.00	0.0000	0	0
4	94,477.55	0.7805	101,015	94,478
7	159,184.52	1.2916	170,200	159,185
11	315,699.38	2.5416	337,545	315,699
18	496,326.52	3.9975	530,865	496,527
2	56,746.72	0.4569	60,873	56,747
19	802,174.77	6.4582	857,683	802,175
5	219,359.93	1.7650	234,539	219,360
15	427,321.52	3.4403	456,891	427,322
0	0.00	0.0000	0	0
13	182,103.61	1.4661	194,705	182,104
1	12,134.76	0.0977	12,974	12,135
11	201,513.05	1.6224	215,457	201,513
53	1,826,597.73	14.7054	1,932,860	1,826,598
2	28,501.20	0.2134	28,335	28,501
10	260,632.07	2.0983	278,667	260,632
10	252,056.19	2.0293	269,500	252,058
4	127,110.44	1.0233	135,905	127,110
0	0.00	0.0000	0	0
4	53,246.55	0.4287	56,933	53,249
10	167,636.97	1.3456	179,239	167,639
12	280,557.28	2.0977	278,587	280,557
4	85,316.17	0.6985	91,434	85,316
3	72,111.23	0.5856	77,101	72,111
2	24,010.25	0.1933	25,672	24,010
489	12,421,050	100.00	13,280,546	12,421,050

EXHIBIT 2 – EXTRAORDINARY EXPENSE
ADDITIONAL CLAIMS

**Additional EE Eligible Claims Identified as a Result of
Auditor General Reviews**

<u>Hospital</u>	<u>Number of Claims</u>
Abington Memorial Hospital	5
Altoona Hospital	2
Good Samaritan Hospital Lebanon	2
Good Shepherd Rehabilitation Hospital	2
Lancaster General Hospital	1
Lansdale Hospital	4
Nazareth Hospital	1
Pocono Medical Center	17
Reading Hospital and Medical Center	8
Robert Packer Hospital	1
St. Mary Medical Center	2
UPMC – St Margaret	<u>2</u>
Total	<u>47</u>

Exhibit 3 - Extraordinary Expense

<u>Hospital</u>	<u>DPW Original Payment</u>	<u>Auditor General Recalculated Payment Entitlement</u>	<u>DPW Overpayment (Underpayment)</u>
ABINGTON MEMORIAL HOSP.	\$215,165	\$516,981	(\$301,816)
ALLEGHENY KISKI MED. CTR.	\$18,466	\$21,611	(\$3,145)
ALTOONA HOSP.	\$120,632	\$230,204	(\$109,572)
AMERICAN ONCOLOGIC HOSPITAL	\$45,216	\$79,847	(\$34,631)
BRANDYWINE HOSPITAL	\$71,808	\$84,923	(\$13,115)
BRYN MAWR HOSP.	\$160,031	\$282,500	(\$122,469)
CANONSBURG GENERAL HOSPITAL	\$7,050	\$12,375	(\$5,325)
CARLISLE REGIONAL MED. CTR.	\$21,653	\$0	\$21,653
CHARLES COLE MEMORIAL HOSP.	\$10,626	\$7,971	\$2,655
CHESTER COUNTY HOSP.	\$113,027	\$128,606	(\$15,579)
CHESTNUT HILL HOSP.	\$55,356	\$78,853	(\$23,497)
CLEARFIELD HOSP.	\$4,987	\$8,807	(\$3,820)
DOYLESTOWN HOSP.	\$48,120	\$84,976	(\$36,856)
EASTON HOSP.	\$143,786	\$123,858	\$19,928
ENDLESS MTS. HEALTH SYSTEM	\$8,082	\$14,272	(\$6,190)
EPHRATA COMMUNITY HOSP.	\$102,613	\$47,013	\$55,600
EVANGELICAL COMMUNITY HOSP.	\$94,391	\$114,689	(\$20,298)
FULTON COUNTY MED. CTR.	\$7,602	\$13,425	(\$5,823)
GOOD SAMARITAN HOSP. OF LEBANON	\$77,974	\$170,589	(\$92,615)
GOOD SHEPHERD REHABILITATION HOSP.	\$20,844	\$117,483	(\$96,639)
GRANDVIEW HOSP.	\$168,204	\$280,617	(\$112,413)
GROVE CITY MEDICAL CENTER	\$5,608	\$9,904	(\$4,296)
HANOVER GENERAL HOSP.	\$110,243	\$181,323	(\$71,080)
HAZLETON GENERAL HOSP.	\$38,405	\$67,820	(\$29,415)
HEALTHSOUTH REHAB. OF ALTOONA	\$60,922	\$107,583	(\$46,661)
HEALTHSOUTH REHAB. OF HARMARVILLE	\$51,072	\$90,189	(\$39,117)
HEART OF LANCASTER REGIONAL MED. CTR.	\$28,643	\$20,081	\$8,562
HOLY REDEEMER HOSPITAL	\$77,602	\$47,789	\$29,813
HOLY SPIRIT HOSP.	\$32,255	\$56,930	(\$24,675)
INDIANA REGIONAL MED. CTR.	\$20,342	\$22,003	(\$1,661)
JEANES HOSP.	\$8,426	\$14,859	(\$6,433)
JEFFERSON REGIONAL MED. CTR.	\$118,950	\$212,912	(\$93,962)
JOHN HEINZ INSTITUTE OF REHAB. MED.	\$12,179	\$0	\$12,179
KANE COMMUNITY HOSP.	\$14,605	\$0	\$14,605
LANCASTER GENERAL HOSP.	\$6,213,283	\$1,304,660	\$4,908,623
LANKENAU HOSP.	\$11,295	\$347,666	(\$336,371)
LANSDALE HOSP.	\$200,274	\$207,436	(\$7,162)
LATROBE AREA HOSP.	\$48,663	\$72,217	(\$23,554)
LEHIGH VALLEY HOSP.- MUHLENBERG	\$113,549	\$200,518	(\$86,969)
THE MEDICAL CENTER, BEAVER, PA	\$171,396	\$255,667	(\$84,271)
MERCY HOSP.- SCRANTON	\$126,976	\$224,944	(\$97,968)

Exhibit 3 - Extraordinary Expense (Continued)

<u>Hospital</u>	<u>DPW Original Payment</u>	<u>Auditor General Recalculated Payment Entitlement</u>	<u>DPW Overpayment (Underpayment)</u>
MINERS HOSPITAL OF NORTHERN CAMBRIA	\$6,161	\$10,903	(\$4,742)
MONONGAHELA VALLEY HOSP.	\$54,869	\$93,365	(\$38,496)
MOSES TAYLOR HOSP.	\$112,759	\$174,502	(\$61,743)
MOUNT NITTANY MED. CTR.	\$87,853	\$154,984	(\$67,131)
MUNCY VALLEY HOSP.	\$6,561	\$0	\$6,561
NAZARETH HOSPITAL	\$38,183	\$94,478	(\$56,295)
PAOLI MEMORIAL HOSP.	\$90,143	\$159,185	(\$69,042)
PHOENIXVILLE HOSP.	\$205,474	\$315,699	(\$110,225)
POCONO HOSP.	\$16,857	\$496,527	(\$479,670)
POTTSTOWN MEMORIAL MED. CTR.	\$72,536	\$56,747	\$15,789
READING HOSPITAL AND MED. CTR.	\$279,326	\$802,175	(\$522,849)
RIDDLE MEMORIAL HOSP.	\$145,645	\$219,360	(\$73,715)
ROBERT PACKER HOSP.	\$243,417	\$427,322	(\$183,905)
ROXBOROUGH MEMORIAL HOSP.	\$55,588	\$0	\$55,588
SEWICKLEY VALLEY HOSP.	\$113,854	\$182,104	(\$68,250)
SHAMOKIN AREA COMMUNITY HOSP.	\$6,872	\$12,135	(\$5,263)
ST. CLAIR MEMORIAL HOSP.	\$141,726	\$201,513	(\$59,787)
ST. LUKE'S HOSP. BETHLEHEM	\$1,273,310	\$1,826,568	(\$553,258)
ST. LUKE'S QUAKERTOWN HOSP.	\$14,790	\$26,501	(\$11,711)
ST. MARY MED. CTR.	\$478,526	\$260,632	\$217,894
UPMC-PASSAVANT	\$142,795	\$252,058	(\$109,263)
UPMC-ST. MARGARET	\$52,508	\$127,110	(\$74,602)
WAYNE COUNTY MEMORIAL HOSPITAL	\$5,731	\$0	\$5,731
WAYNESBORO HOSP.	\$32,461	\$53,249	(\$20,788)
WESTERN PENN. HOSP.- FORBES REG. CAMP.	\$102,145	\$167,639	(\$65,494)
WESTMORELAND HOSP.	\$159,544	\$260,557	(\$101,013)
WILKES-BARRE GENERAL HOSPITAL	\$53,145	\$85,516	(\$32,371)
WILLIAMSPORT HOSP.	\$280,279	\$72,111	\$208,168
WINDBER HOSP.	\$27,167	\$24,010	\$3,157
TOTALS	\$13,280,546	\$12,421,050	\$859,496

EXHIBIT 4 – UNCOMPENSATED CARE

AG UC Re-Calculation for FY 2009 - 2010

Money Pot: \$75,256,424.70
 DPW Median UC Score: 18.8880915971442
 AG Adjusted Median UC Score: 18.9323773403649

County	Hospital	DPW UC Score	DPW Payment	AG Adjusted UC Score	AG Payment
Montgomery	ABINGTON MEMORIAL HOSPITAL ¹	11.0134	\$0.00	11.0155	\$0.00
Philadelphia	ALBERT EINSTEIN MEDICAL CENTER	38.5448	\$3,213,160.30	38.4778	\$3,236,600.00
Allegheny	ALLE-KISKI MEDICAL CENTER ¹	13.2302	\$0.00		\$0.00
Lackawanna	ALLIED SERVICES REHABILITATION HOSPITAL ²	7.1541	\$0.00		\$0.00
Blair	ALTOONA HOSPITAL ¹	18.5399	\$0.00	17.6373	\$0.00
Philadelphia	AMERICAN ONCOLOGIC HOSPITAL ¹	4.5163	\$0.00		\$0.00
Philadelphia	ARIA HEALTH	23.3521	\$1,671,360.85	23.5873	\$1,700,361.41
Armstrong	ARMSTRONG COUNTY MEMORIAL HOSPITAL	20.4346	\$297,540.14	20.4612	\$300,622.52
Susquehanna	BARNES KASSON COUNTY HOSPITAL	29.9278	\$50,540.33	29.9048	\$50,958.43
Philadelphia	BELMONT CENTER FOR COMP TREATMENT	55.5725	\$401,461.56		\$401,461.56
Columbia	BLOOMSBURG HOSPITAL INC	19.4401	\$104,467.71		\$105,412.87
McKean	BRADFORD REGIONAL MEDICAL CENTER	35.5689	\$332,442.46		\$335,450.20
Chester	BRANDYWINE HOSPITAL ¹	14.7048	\$0.00		\$0.00
Montgomery	BROOKE GLEN BEHAVIORAL HOSPITAL ²	58.879	\$0.00		\$0.00
Jefferson	BROOKVILLE HOSPITAL ²	10.4107	\$0.00		\$0.00
Montgomery	BRYN MAWR HOSPITAL ¹	5.9886	\$0.00		\$0.00
Chester	BRYN MAWR REHAB ²	7.5939	\$0.00		\$0.00
Clinton	BUCKTAIL MEDICAL CENTER ²	15.2871	\$0.00		\$0.00

¹ denotes the hospital received a tobacco payment under the extraordinary expense approach. See Exhibit 1.

² denotes the hospital did not qualify to receive a tobacco payment.

EXHIBIT 4 – UNCOMPENSATED CARE (CONTINUED)

County	Hospital	DPW UC Score	DPW Payment	AG Adjusted UC Score	AG Payment
Butler	BUTLER COUNTY MEMORIAL HOSPITAL	20.4215	\$564,086.17	19.5617	\$545,224.03
Washington	CANONSBURG GENERAL HOSPITAL ¹	9.4989	\$0.00	9.4126	\$0.00
Cumberland	CARLISLE REGIONAL MEDICAL CENTER ¹	9.4413	\$0.00	9.3575	\$0.00
Franklin	CHAMBERSBURG HOSPITAL	19.8412	\$527,450.27	19.7716	\$531,650.39
Potter	CHARLES COLE MEMORIAL HOSPITAL ¹	16.5878	\$0.00	16.4783	\$0.00
Chester	CHESTER COUNTY HOSPITAL ¹	14.313	\$0.00		\$0.00
Philadelphia	CHESTNUT HILL HEALTH SYSTEM ¹	15.6656	\$0.00		\$0.00
Philadelphia	CHILDRENS HOSPITAL OF PHILADELPHIA	41.5418	\$2,291,628.94	41.5469	\$2,312,647.52
Allegheny	CHILDRENS HOSPITAL OF PITTSBURGH OF UPMC	49.5282	\$1,573,441.21	49.5008	\$1,586,797.83
Columbia	CHS BERWICK HOSPITAL ²	13.2965	\$0.00		\$0.00
Clarion	CLARION HOSPITAL ²	18.8599	\$0.00		\$0.00
Clarion	CLARION PSYCHIATRIC CENTER ²	65.9454	\$0.00		\$0.00
Clearfield	CLEARFIELD HOSPITAL ¹	16.7394	\$0.00	16.7693	\$0.00
Lackawanna	COMMUNITY MEDICAL CENTER	25.4783	\$727,048.87	25.4887	\$733,927.09
Cambria	CONEMAUGH VALLEY MEMORIAL HOSP	19.2972	\$1,162,774.92	19.0401	\$1,157,663.28
Erie	CORRY MEMORIAL HOSPITAL ²	18.2202	\$0.00		\$0.00
Delaware	CROZER CHESTER MEDICAL CENTER	29.6877	\$2,110,204.23		\$2,129,296.08
Delaware	DELAWARE COUNTY MEMORIAL HOSP	20.8388	\$608,018.93	20.8464	\$613,745.16
Chester	DEVEREUX CHILDREN'S BEHAVIOR HEALTH CENTER	90.7663	\$242,531.68	91.5756	\$242,531.68
Lycoming	DIVINE PROVIDENCE WILLIAMSPORT	41.6578	\$83,386.38	42.2971	\$85,432.19
Bucks	DOYLESTOWN HOSPITAL ¹	6.9491	\$0.00	6.9557	\$0.00

1 denotes the hospital received a tobacco payment under the extraordinary expense approach. See Exhibit 1.

2 denotes the hospital did not qualify to receive a tobacco payment.

EXHIBIT 4 – UNCOMPENSATED CARE (continued)

County	Hospital	DPW UC Score	DPW Payment	AG Adjusted UC Score	AG Payment
Clearfield	DUBOIS REGIONAL MEDICAL CENTER	31.6653	\$594,199.79		\$599,575.75
Montgomery	EAGLEVILLE HOSPITAL	41.1411	\$317,464.30	41.1124	\$320,112.59
Northampton	EASTON HOSPITAL ¹	13.1197	\$0.00		\$0.00
Elk	ELK REGIONAL HEALTH CENTER ²	12.0066	\$0.00		\$0.00
Lawrence	ELLWOOD CITY HOSPITAL ²	18.7745	\$0.00		\$0.00
Susquehanna	ENDLESS MOUNTAIN HEALTH SYSTEM ¹	13.3685	\$0.00	13.3195	\$0.00
Lancaster	EPHRATA COMMUNITY HOSPITAL ¹	12.5572	\$0.00	12.5714	\$0.00
Union	EVANGELICAL COMMUNITY HOSPITAL ¹	14.5023	\$0.00		\$0.00
Philadelphia	FAIRMOUNT BEHAVIORAL HEALTH SYSTEMS ²	52.3002	\$0.00		\$0.00
Luzerne	FIRST HOSPITAL WYOMING VALLEY	50.0899	\$184,946.52	51.5071	\$184,946.52
Bucks	FOUNDATIONS BEHAVIORAL HEALTH	82.3214	\$276,030.70	82.4533	\$277,327.56
Westmoreland	FRICK COMMUNITY HEALTH CENTER ²	17.6195	\$0.00		\$0.00
Philadelphia	FRIENDS HOSPITAL ³	55.048	\$1,257,488.10	55.9268	\$1,257,488.10
Fulton	FULTON COUNTY MEDICAL CENTER ¹	8.2535	\$0.00	8.4016	\$0.00
Montour	GEISINGER MEDICAL CENTER	23.6582	\$1,249,089.75		\$1,260,390.75
Luzerne	GEISINGER WYOMING VALLEY ³	18.8881	\$650,504.84	19.3755	\$640,247.18
Adams	GETTYSBURG HOSPITAL	19.7548	\$150,417.68	19.7783	\$151,958.76
Carbon	GNADEN HUETTEN MEMORIAL HOSPITAL	20.1712	\$161,914.84	20.1775	\$163,430.77
Lebanon	GOOD SAMARITAN HOSPITAL ¹	17.3854	\$0.00	17.3798	\$0.00
Lehigh	GOOD SHEPHERD HOME & REHAB CTR ¹	13.1911	\$0.00		\$0.00
Bucks	GRANDVIEW HOSPITAL ¹	11.7455	\$0.00	11.7706	\$0.00

¹ denotes the hospital received a tobacco payment under the extraordinary expense approach. See Exhibit 1.

² denotes the hospital did not qualify to receive a tobacco payment.

³ denotes the hospital had one or more data elements that were unable to be verified..

EXHIBIT 4 – UNCOMPENSATED CARE (continued)

County	Hospital	DPW UC Score	DPW Payment	AG Adjusted UC Score	AG Payment
Mercer	GROVE CITY MEDICAL CENTER ¹	14.297	\$0.00	14.0284	\$0.00
Erie	HAMOT MEDICAL CENTER	18.9243	\$700,110.13	18.9324	\$706,744.63
York	HANOVER GENERAL HOSPITAL ¹	10.1893	\$0.00	10.1579	\$0.00
Luzerne	HAZLETON GENERAL HOSPITAL ¹	14.7691	\$0.00		\$0.00
Montour	HEALTHSOUTH PENN STATE GEISINGER ²	8.0752	\$0.00		\$0.00
Blair	HEALTHSOUTH ALTOONA ¹	13.8722	\$0.00	13.8214	\$0.00
Allegheny	HEALTHSOUTH HARMARVILLE REHAB CTR ¹	16.2422	\$0.00	18.0004	\$0.00
Erie	HEALTHSOUTH LAKE ERIE INST REHAB ²	17.5292	\$0.00		\$0.00
Centre	HEALTHSOUTH NITTANY VALLEY REHAB ²	11.7956	\$0.00		\$0.00
Berks	HEALTHSOUTH REHAB HOSP of READING ²	17.8136	\$0.00		\$0.00
Cumberland	HEALTHSOUTH REHAB OF MECHANICSBURG ²	8.8443	\$0.00		\$0.00
Allegheny	HEALTHSOUTH REHAB OF SEWICKLEY ²	11.6518	\$0.00		\$0.00
York	HEALTHSOUTH REHAB OF YORK ²	7.7593	\$0.00		\$0.00
Lancaster	HEART of LANCASTER REGIONAL MED CTR ¹	13.2753	\$0.00	14.9492	\$0.00
Fayette	HIGHLAND HOSPITAL AND HEALTH CTR	40.3924	\$237,445.47	40.4155	\$239,730.30
Montgomery	HOLY REDEEMER HOSPITAL ¹	13.8277	\$0.00	13.4324	\$0.00
Cumberland	HOLY SPIRIT HOSPITAL ¹	13.9575	\$0.00	14.3322	\$0.00
Montgomery	HORSHAM PSYCH HOSPITAL ²	54.101	\$0.00		\$0.00
Philadelphia	HOSPITAL OF THE UNIVERSITY OF PENNSYLVANIA	26.9033	\$2,723,789.42		\$2,748,432.62
Indiana	INDIANA HOSPITAL ¹	13.2504	\$0.00	13.2626	\$0.00
Huntingdon	J C BLAIR MEMORIAL HOSPITAL	25.7996	\$157,509.44	25.6155	\$157,800.01

¹ denotes the hospital received a tobacco payment under the extraordinary expense approach. See Exhibit 1.

² denotes the hospital did not qualify to receive a tobacco payment.

EXHIBIT 4 – UNCOMPENSATED CARE (continued)

County	Hospital	DPW UC Score	DPW Payment	AG Adjusted UC Score	AG Payment
Lawrence	JAMESON MEMORIAL HOSPITAL	21.427	\$495,940.23	21.3865	\$499,481.19
Philadelphia	JEANES HOSPITAL ¹	13.1857	\$0.00	13.1796	\$0.00
Allegheny	JEFFERSON REGIONAL MED CTR ¹	9.4745	\$0.00	9.5256	\$0.00
Chester	JENNERVILLE REGIONAL HOSPITAL ³	19.1858	\$124,768.92	19.1825	\$125,875.77
Lycoming	JERSEY SHORE HOSPITAL ²	8.9973	\$0.00		\$0.00
Luzerne	JOHN HEINZ INSTITUTE OF REHAB MED ¹	7.491	\$0.00	7.4437	\$0.00
McKean	KANE COMMUNITY HOSPITAL ¹	10.4991	\$0.00	10.3037	\$0.00
Philadelphia	KENSINGTON HOSPITAL	99.7228	\$359,933.78	99.4571	\$362,222.55
Lehigh	KIDSPEACE	70.7606	\$42,140.33	70.068	\$42,140.33
Philadelphia	KIRKBRIDE PSYCH HOSPITAL	71.8967	\$553,519.66	71.9231	\$559,009.26
Lancaster	LANCASTER GENERAL HOSPITAL ¹	17.4515	\$0.00		\$0.00
Lancaster	LANCASTER REGIONAL MEDICAL CENTER	22.0739	\$325,249.20	22.1297	\$331,320.54
Lancaster	LANCASTER REHABILITATION HOSPITAL ²	10.1289	\$0.00		\$0.00
Montgomery	LANKENAU HOSPITAL ¹	14.382	\$0.00	14.3942	\$0.00
Montgomery	LANSDALE HOSPITAL ¹	10.6557	\$0.00	10.6528	\$0.00
Westmoreland	LATROBE AREA HOSPITAL INC ¹	17.7846	\$0.00	17.7966	\$0.00
Lehigh	LEHIGH VALLEY HOSPITAL CENTER	19.304	\$1,783,517.24	19.3037	\$1,799,623.39
Lehigh	LEHIGH VALLEY HOSPITAL MUHLENBERG ¹	10.5336	\$0.00		\$0.00
Mifflin	LEWISTOWN HOSPITAL	23.803	\$298,209.59	21.9773	\$277,827.92
Clinton	LOCK HAVEN HOSPITAL	23.7679	\$77,043.01	24.3088	\$77,516.04
Bucks	LOWER BUCKS HOSPITAL	21.6711	\$390,673.09	21.6761	\$394,297.76

1 denotes the hospital received a tobacco payment under the extraordinary expense approach. See Exhibit 1.

2 denotes the hospital did not qualify to receive a tobacco payment.

3 denotes the hospital had one or more data elements that were unable to be verified.

EXHIBIT 4 – UNCOMPENSATED CARE (continued)

County	Hospital	DPW UC Score	DPW Payment	AG Adjusted UC Score	AG Payment
Philadelphia	MAGEE REHAB HOSPITAL	19.6127	\$259,365.63	23.8174	\$240,369.49
Allegheny	MAGEE WOMENS HOSPITAL	34.9988	\$1,346,340.00		\$1,358,520.87
Lackawanna	MARIAN COMMUNITY HOSPITAL ³	23.7304	\$169,847.34	23.7533	\$171,549.20
Centre	MEADOWS PSYCHIATRIC CENTER ²	62.3714	\$0.00		\$0.00
Crawford	MEADVILLE MEDICAL CENTER	21.153	\$340,687.15	21.3969	\$347,733.72
Beaver	MEDICAL CENTER BEAVER PA INC ¹	16.4422	\$0.00	16.4629	\$0.00
Bradford	MEMORIAL HOSPITAL TOWANDA	25.0935	\$66,936.89	25.1229	\$67,621.56
York	MEMORIAL HOSPITAL YORK	20.7727	\$228,936.66	20.7686	\$230,962.89
Delaware	MERCY CATHOLIC MEDICAL CENTER-FITZGERALD	29.2651	\$762,736.70	29.2897	\$770,285.89
Philadelphia	MERCY HOSPITAL OF PHILADELPHIA	55.5669	\$1,399,701.52	55.5414	\$1,411,716.76
Lackawanna	MERCY HOSPITAL SCRANTON ¹	13.4441	\$0.00	13.4475	\$0.00
Luzerne	MERCY SPECIAL CARE HOSPITAL ²	2.5188	\$0.00		\$0.00
Montgomery	MERCY SUBURBAN HOSPITAL	20.611	\$344,089.25	20.6023	\$347,054.82
Wyoming	MERCY TYLER MEMORIAL HOSPITAL ³	19.6257	\$83,362.41	19.6362	\$84,161.67
Somerset	MEYERSDALE COMMUNITY HOSPITAL ²	8.7201	\$0.00		\$0.00
Lackawanna	MID VALLEY HOSPITAL ASSN ²	9.8968	\$0.00		\$0.00
Erie	MILLCREEK COMMUNITY HOSPITAL	42.3449	\$379,792.94	42.3996	\$383,724.61
Cambria	MINERS HOSPITAL OF NORTHERN CAMBRIA ¹	14.336	\$0.00	14.2835	\$0.00
Schuylkill	MINERS MEMORIAL MEDICAL CENTER ²	12.455	\$0.00		\$0.00
Washington	MONONGAHELA VALLEY HOSPITAL INC ¹	17.412	\$0.00	17.146	\$0.00
Montgomery	MONTGOMERY CO EMERGENCY SERVICE, INC	62.7155	\$628,500.40		\$634,186.69

1 denotes the hospital received a tobacco payment under the extraordinary expense approach. See Exhibit 1.

2 denotes the hospital did not qualify to receive a tobacco payment.

3 denotes the hospital had one or more data elements that were unable to be verified.

EXHIBIT 4 – UNCOMPENSATED CARE (continued)

County	Hospital	DPW UC Score	DPW Payment	AG Adjusted UC Score	AG Payment
Montgomery	MONTGOMERY HOSPITAL	21.9383	\$335,252.63	21.9286	\$338,135.63
Lackawanna	MOSES TAYLOR HOSPITAL ¹	18.7246	\$0.00	18.6494	\$0.00
Centre	MOUNT NITANNY MEDICAL CENTER ¹	13.4605	\$0.00		\$0.00
Lycoming	MUNCY VALLEY HOSPITAL ¹	7.5524	\$0.00	7.5434	\$0.00
Blair	NASON HOSPITAL ASSOCIATION	20.1492	\$82,080.54		\$82,823.16
Philadelphia	NAZARETH HOSPITAL ¹	16.0204	\$0.00		\$0.00
Philadelphia	NPHS-GIRARD MEDICAL CENTER	70.5057	\$868,789.88	72.3341	\$899,384.49
Philadelphia	NPHS-ST JOSEPH HOSPITAL	74.3288	\$1,347,086.64	70.458	\$1,288,488.51
Allegheny	OHIO VALLEY GENERAL HOSPITAL ²	13.6206	\$0.00		\$0.00
Carbon	PALMERTON HOSPITAL ²	9.7519	\$0.00		\$0.00
Chester	PAOLI MEMORIAL HOSPITAL ¹	3.8888	\$0.00		\$0.00
Philadelphia	PENN PRESBYTERIAN MEDICAL CTR UPHS	32.9169	\$1,059,445.17		\$1,069,030.39
Dauphin	PENN STATE MILTON S HERSHEY MEDICAL CENTER	22.5122	\$1,517,140.22	22.5395	\$1,532,728.38
Philadelphia	PENNSYLVANIA HOSPITAL UPHS	28.384	\$1,626,244.39	28.3312	\$1,637,906.07
Lebanon	PHILHAVEN HOSPITAL	47.1808	\$492,409.09		\$496,864.11
Chester	PHOENIXVILLE HOSPITAL ¹	10.7036	\$0.00	12.3977	\$0.00
Dauphin	PINNACLE HEALTH HOSPITALS	20.6663	\$1,595,257.24		\$1,609,690.16
Monroe	POCONO HOSPITAL ¹	18.7299	\$0.00	18.7635	\$0.00
Montgomery	POTTSTOWN MEMORIAL MEDICAL CENTER ¹	14.1009	\$0.00		\$0.00
Jefferson	PUNXSUTAWNEY AREA HOSPITAL	21.4681	\$76,271.67	21.0953	\$75,625.30
Berks	READING HOSPITAL AND MED CENTER ¹	17.3204	\$0.00		\$0.00

1 denotes the hospital received a tobacco payment under the extraordinary expense approach. See Exhibit 1.

2 denotes the hospital did not qualify to receive a tobacco payment.

EXHIBIT 4 – UNCOMPENSATED CARE (continued)

County	Hospital	DPW UC Score	DPW Payment	AG Adjusted UC Score	AG Payment
Delaware	RIDDLE MEMORIAL HOSPITAL ¹	8.918	\$0.00		\$0.00
Bradford	ROBERT PACKER HOSPITAL ¹	18.2968	\$0.00		\$0.00
Philadelphia	ROXBOROUGH MEMORIAL HOSPITAL ¹	14.0535	\$0.00		\$0.00
Franklin	ROXBURY PSYCHIATRIC HOSPITAL	25.4759	\$63,086.00	60.7523	\$63,086.00
Lehigh	SACRED HEART HOSPITAL	24.5994	\$435,759.86	24.4841	\$437,615.44
Schuylkill	SCHUYLKILL MED CTR - EAST NORWEGIAN ST ²	9.5912	\$0.00		\$0.00
Schuylkill	SCHUYLKILL MED CTR - SOUTH JACKSON ST	26.4116	\$556,021.91	26.4131	\$561,083.45
Allegheny	SEWICKLEY VALLEY HOSPITAL ¹	13.5772	\$0.00	13.5708	\$0.00
Northumberland	SHAMOKIN AREA COMMUNITY HOSPITAL ¹	9.9714	\$0.00		\$0.00
Mercer	SHARON REGIONAL HEALTH CENTER	25.3958	\$520,334.91	25.4283	\$525,714.89
Tioga	SOLDIERS AND SAILORS MEMORIAL HOSPITAL	30.8388	\$148,641.41	30.8456	\$150,019.07
Somerset	SOMERSET HOSPITAL CENTER FOR HEALTH	21.4959	\$197,733.37		\$199,522.35
Greene	SOUTHWEST REGIONAL MEDICAL CENTER	20.0178	\$111,784.61	20.0509	\$112,982.49
Allegheny	SOUTHWOOD PSYCHIATRIC HOSPITAL	77.4833	\$28,612.31		\$28,612.31
Schuylkill	ST CATHERINE HEALTHCARE CENTER ³	22.2598	\$47,134.61		\$47,561.06
Allegheny	ST CLAIR MEMORIAL HOSPITAL ¹	7.9358	\$0.00	8.0279	\$0.00
Berks	ST JOSEPH MEDICAL CENTER	30.9458	\$674,151.06		\$680,250.38
Lehigh	ST LUKES HOSPITAL - BETHLEHEM ¹	18.7704	\$0.00	18.7785	\$0.00
Bucks	ST LUKES HOSPITAL QUAKERTOWN ¹	16.8641	\$0.00		\$0.00
Bucks	ST MARY HOSPITAL - LANGHORNE ¹	7.9645	\$0.00	7.9338	\$0.00
Erie	ST VINCENT HEALTH CENTER	24.2909	\$949,455.93	24.3152	\$959,007.06

¹ denotes the hospital received a tobacco payment under the extraordinary expense approach. See Exhibit 1.

² denotes the hospital did not qualify to receive a tobacco payment.

³ denotes the hospital had one or more data elements that were unable to be verified.

EXHIBIT 4 – UNCOMPENSATED CARE (continued)

County	Hospital	DPW UC Score	DPW Payment	AG Adjusted UC Score	AG Payment
Northumberland	SUNBURY COMMUNITY HOSPITAL ³	26.1058	\$147,957.26	26.3816	\$150,603.35
Philadelphia	TEMPLE UNIVERSITY HSP	54.8241	\$6,534,067.78	55.6271	\$6,689,759.29
Allegheny	THE CHILDRENS HOME OF PITTSBURGH	70.9898	\$96,906.29	73.7628	\$101,602.71
Allegheny	THE CHILDRENS INSTITUTE OF PITTSBURGH	46.8062	\$252,594.18		\$254,879.50
Philadelphia	THOMAS JEFFERSON UNIVERSITY HOSPITAL ³	26.3931	\$3,171,404.66	26.4349	\$3,205,158.02
Philadelphia	THS-HAHNEMANN HOSPITAL	39.6441	\$2,189,710.74	37.871	\$2,110,702.68
Philadelphia	THS-ST CHRISTOPHER'S HOSPITAL	73.9026	\$1,351,603.57	72.9828	\$710,780.12
Crawford	TITUSVILLE HOSPITAL	21.6672	\$92,830.05		\$93,669.92
Bradford	TROY COMMUNITY HOSPITAL ⁴	81.6036	\$73,797.74	7.2906	\$0.00
Blair	TYRONE HOSPITAL ²	18.7001	\$0.00		\$0.00
Fayette	UNIONTOWN HOSPITAL ASSOCIATION	25.6454	\$543,780.22		\$548,700.02
Bedford	UPMC BEDFORD ²	18.1817	\$0.00		\$0.00
Mercer	UPMC HORIZON	18.9669	\$285,696.02	19.2741	\$292,949.15
Allegheny	UPMC MCKEESPORT	26.2623	\$633,603.22	26.6558	\$648,914.92
Allegheny	UPMC Mercy	26.0601	\$1,707,156.17	26.133	\$1,727,425.30
Venango	UPMC NORTHWEST	19.9146	\$298,002.52	19.9141	\$301,307.43
Allegheny	UPMC PASSAVANT ¹	4.3336	\$0.00		\$0.00
Allegheny	UPMC PRESBYTERIAN SHADYSIDE	24.2393	\$4,853,496.59	24.1494	\$4,879,236.90
Allegheny	UPMC ST MARGARET ¹	8.9329	\$0.00	8.8548	\$0.00
Montgomery	VALLEY FORGE MEDICAL CENTER	61.0224	\$411,905.09	60.9563	\$415,181.51
Warren	WARREN GENERAL HOSPITAL	23.7655	\$162,816.38	27.81	\$192,249.36

¹ denotes the hospital received a tobacco payment under the extraordinary expense approach. See Exhibit 1.

² denotes the hospital did not qualify to receive a tobacco payment.

³ denotes the hospital had one or more data elements that were unable to be verified.

⁴ denoted the hospital originally qualified for payment under the uncompensated care approach, however, based on the results of our review, the hospital does not qualify for payment.

EXHIBIT 4 – UNCOMPENSATED CARE (continued)

County	Hospital	DPW LIC Score	DPW Payment	AG Adjusted LIC Score	AG Payment
Washington	WASHINGTON HOSPITAL	19.8661	\$612,286.14	20.0657	\$624,032.51
Wayne	WAYNE COUNTY MEMORIAL HOSPITAL ^{1 5}	18.8471	\$0.00	19.1045	\$160,733.20
Franklin	WAYNESBORO HOSPITAL ¹	17.1344	\$0.00		\$0.00
Allegheny	WEST PENN-ALLEGHENY GENERAL HOSPITAL	20.2049	\$1,475,911.50	20.2195	\$1,490,339.49
Allegheny	WESTERN PENNSYLVANIA HOSPITAL	23.4052	\$1,058,263.73	23.3925	\$1,067,258.25
Allegheny	WESTERN PENNSYLVANIA HOSPITAL - FORBES ¹	13.1747	\$0.00	13.1831	\$0.00
Westmoreland	WESTMORELAND HOSPITAL ¹	16.5574	\$0.00		\$0.00
Luzerne	WILKES-BARRE GENERAL HOSPITAL ¹	16.5301	\$0.00	16.5591	\$0.00
Lycoming	WILLIAMSPORT HOSPITAL ¹	17.966	\$0.00		\$0.00
Somerset	WINDBER HOSPITAL ¹	13.4637	\$0.00	13.4961	\$0.00
York	YORK HOSPITAL	22.8834	\$1,486,193.49		\$1,499,639.67
Totals:			\$75,256,424.66		\$75,256,424.70

¹ denotes the hospital received a tobacco payment under the extraordinary expense approach.

⁵ denotes the hospital originally qualified for payment under the extraordinary expense approach, however, based on the results of our review, the hospital should qualify under the uncompensated care approach.

Exhibit 5 - Uncompensated Care

<u>Hospital</u>	<u>DPW Original Payment</u>	<u>Auditor General Recalculated Payment Entitlement</u>	<u>DPW Overpayment (Underpayment)</u>
ALBERT EINSTEIN MEDICAL CENTER	\$3,213,160.30	\$3,236,600.00	(\$23,439.70)
ARIA HEALTH	\$1,671,360.85	\$1,700,361.41	(\$29,000.56)
ARMSTRONG COUNTY MEMORIAL HOSPITAL	\$297,540.14	\$300,622.52	(\$3,082.38)
BARNES KASSON COUNTY HOSPITAL	\$50,540.33	\$50,958.43	(\$418.10)
BELMONT CENTER FOR COMP TREATMENT	\$401,461.56	\$401,461.56	\$0.00
BLOOMSBURG HOSPITAL INC	\$104,467.71	\$105,412.87	(\$945.16)
BRADFORD REGIONAL MEDICAL CENTER	\$332,442.46	\$335,450.20	(\$3,007.74)
BUTLER COUNTY MEMORIAL HOSPITAL	\$564,086.17	\$545,224.03	\$18,862.14
CHAMBERSBURG HOSPITAL	\$527,450.27	\$531,650.39	(\$4,200.12)
CHILDRENS HOSPITAL OF PHILADELPHIA	\$2,291,628.94	\$2,312,647.52	(\$21,018.58)
CHILDRENS HOSPITAL OF PITTSBURGH OF UPMC	\$1,573,441.21	\$1,586,797.83	(\$13,356.62)
COMMUNITY MEDICAL CENTER	\$727,048.87	\$733,927.09	(\$6,878.22)
CONEMAUGH VALLEY MEMORIAL HOSP	\$1,162,774.92	\$1,157,663.28	\$5,111.64
CROZER CHESTER MEDICAL CENTER	\$2,110,204.23	\$2,129,296.08	(\$19,091.85)
DELAWARE COUNTY MEMORIAL HOSP	\$608,018.93	\$613,745.16	(\$5,726.23)
DEVEREUX CHILDREN'S BEHAVIOR HEALTH CENTE	\$242,531.68	\$242,531.68	\$0.00
DIVINE PROVIDENCE WILLIAMSPORT	\$83,386.38	\$85,432.19	(\$2,045.81)
DUBOIS REGIONAL MEDICAL CENTER	\$594,199.79	\$599,575.75	(\$5,375.96)
EAGLEVILLE HOSPITAL	\$317,464.30	\$320,112.59	(\$2,648.29)
FIRST HOSPITAL WYOMING VALLEY	\$184,946.52	\$184,946.52	\$0.00
FOUNDATIONS BEHAVIORAL HEALTH	\$276,030.70	\$277,327.56	(\$1,296.86)
FRIENDS HOSPITAL **	\$1,257,488.10	\$1,257,488.10	\$0.00
GEISINGER MEDICAL CENTER	\$1,249,089.75	\$1,260,390.75	(\$11,301.00)
GEISINGER WYOMING VALLEY **	\$650,504.84	\$640,247.18	\$10,257.66
GETTYSBURG HOSPITAL	\$150,417.68	\$151,958.76	(\$1,541.08)
GNADEN HUETTEN MEMORIAL HOSPITAL	\$161,914.84	\$163,430.77	(\$1,515.93)
HAMOT MEDICAL CENTER	\$700,110.13	\$706,744.63	(\$6,634.50)
HIGHLAND HOSPITAL AND HEALTH CTR	\$237,445.47	\$239,730.30	(\$2,284.83)
HOSPITAL OF THE UNIVERSITY OF PENNSYLVANIA	\$2,723,789.42	\$2,748,432.62	(\$24,643.20)
J C BLAIR MEMORIAL HOSPITAL	\$157,509.44	\$157,800.01	(\$290.57)
JAMESON MEMORIAL HOSPITAL	\$495,940.23	\$499,481.19	(\$3,540.96)
JENNERSVILLE REGIONAL HOSPITAL **	\$124,768.92	\$125,875.77	(\$1,106.85)
KENSINGTON HOSPITAL	\$359,933.78	\$362,222.55	(\$2,288.77)
KIDSPACE	\$42,140.33	\$42,140.33	\$0.00
KIRKBRIDE PSYCH HOSPITAL	\$553,519.66	\$559,009.26	(\$5,489.60)
LANCASTER REGIONAL MEDICAL CENTER	\$325,249.20	\$331,320.54	(\$6,071.34)
LEHIGH VALLEY HOSPITAL CENTER	\$1,783,517.24	\$1,799,623.39	(\$16,106.15)
LEWISTOWN HOSPITAL	\$298,209.59	\$277,827.92	\$20,381.67
LOCK HAVEN HOSPITAL	\$77,043.01	\$77,516.04	(\$473.03)
LOWER BUCKS HOSPITAL	\$390,673.09	\$394,297.76	(\$3,624.67)
MAGEE REHAB HOSPITAL	\$259,365.63	\$240,369.49	\$18,996.14
MAGEE WOMENS HOSPITAL	\$1,346,340.00	\$1,358,520.87	(\$12,180.87)
MARIAN COMMUNITY HOSPITAL **	\$169,847.34	\$171,549.20	(\$1,701.86)
MEADVILLE MEDICAL CENTER	\$340,687.15	\$347,733.72	(\$7,046.57)
MEMORIAL HOSPITAL TOWANDA	\$66,936.89	\$67,621.56	(\$684.67)

** Denotes hospital for which various data elements could not be verified.

Exhibit 5 - Uncompensated Care (Continued)

<u>Hospital</u>	<u>DPW Original Payment</u>	<u>Auditor General</u>	<u>DPW</u>
		<u>Recalculated Payment Entitlement</u>	<u>Overpayment (Underpayment)</u>
MEMORIAL HOSPITAL YORK	\$228,936.66	\$230,962.89	(\$2,026.23)
MERCY CATHOLIC MEDICAL CENTER-FITZGERALD	\$762,736.70	\$770,285.89	(\$7,549.19)
MERCY HOSPITAL OF PHILADELPHIA	\$1,399,701.52	\$1,411,716.76	(\$12,015.24)
MERCY SUBURBAN HOSPITAL	\$344,089.25	\$347,054.82	(\$2,965.57)
MERCY TYLER MEMORIAL HOSPITAL **	\$83,362.41	\$84,161.67	(\$799.26)
MILLCREEK COMMUNITY HOSPITAL	\$379,792.94	\$383,724.61	(\$3,931.67)
MONTGOMERY CO EMERGENCY SERVICE, INC	\$628,500.40	\$634,186.69	(\$5,686.29)
MONTGOMERY HOSPITAL	\$335,252.63	\$338,135.63	(\$2,883.00)
NASON HOSPITAL ASSOCIATION	\$82,080.54	\$82,823.16	(\$742.62)
NPHS-GIRARD MEDICAL CENTER	\$868,789.88	\$899,384.49	(\$30,594.61)
NPHS-ST JOSEPH HOSPITAL	\$1,347,086.64	\$1,288,488.51	\$58,598.13
PENN PRESBYTERIAN MEDICAL CTR UPHS	\$1,059,445.17	\$1,069,030.39	(\$9,585.22)
PENN STATE MILTON S HERSHEY MEDICAL CENTER	\$1,517,140.22	\$1,532,728.38	(\$15,588.16)
PENNSYLVANIA HOSPITAL UPHS	\$1,626,244.39	\$1,637,906.07	(\$11,661.68)
PHILHAVEN HOSPITAL	\$492,409.09	\$496,864.11	(\$4,455.02)
PINNACLE HEALTH HOSPITALS	\$1,595,257.24	\$1,609,690.16	(\$14,432.92)
PUNXSUTAWNEY AREA HOSPITAL	\$76,271.67	\$75,625.30	\$646.37
ROXBURY PSYCHIATRIC HOSPITAL	\$63,086.00	\$63,086.00	\$0.00
SACRED HEART HOSPITAL	\$435,759.86	\$437,615.44	(\$1,855.58)
SCHUYLKILL MED CTR - SOUTH JACKSON ST	\$556,021.91	\$561,083.45	(\$5,061.54)
SHARON REGIONAL HEALTH CENTER	\$520,334.91	\$525,714.89	(\$5,379.98)
SOLDIERS AND SAILORS MEMORIAL HOSPITAL	\$148,641.41	\$150,019.07	(\$1,377.66)
SOMERSET HOSPITAL CENTER FOR HEALTH	\$197,733.37	\$199,522.35	(\$1,788.98)
SOUTHWEST REGIONAL MEDICAL CENTER	\$111,784.61	\$112,982.49	(\$1,197.88)
SOUTHWOOD PSYCHIATRIC HOSPITAL	\$28,612.31	\$28,612.31	\$0.00
ST CATHERINE HEALTHCARE CENTER **	\$47,134.61	\$47,561.06	(\$426.45)
ST JOSEPH MEDICAL CENTER	\$674,151.06	\$680,250.38	(\$6,099.32)
ST VINCENT HEALTH CENTER	\$949,455.93	\$959,007.06	(\$9,551.13)
SUNBURY COMMUNITY HOSPITAL **	\$147,957.26	\$150,603.35	(\$2,646.09)
TEMPLE UNIVERSITY HSP	\$6,534,067.78	\$6,689,759.29	(\$155,691.51)
THE CHILDRENS HOME OF PITTSBURGH	\$96,906.29	\$101,602.71	(\$4,696.42)
THE CHILDRENS INSTITUTE OF PITTSBURGH	\$252,594.18	\$254,879.50	(\$2,285.32)
THOMAS JEFFERSON UNIVERSITY HOSPITAL **	\$3,171,404.66	\$3,205,158.02	(\$33,753.36)
THS-ILAHNEMANN HOSPITAL	\$2,189,710.74	\$2,110,702.68	\$79,008.06
THS-ST CHRISTOPHER'S HOSPITAL	\$1,351,603.57	\$710,780.12	\$640,823.45
TITUSVILLE HOSPITAL	\$92,830.05	\$93,669.92	(\$839.87)
TROY COMMUNITY HOSPITAL	\$73,797.74	\$0.00	\$73,797.74
UNIONTOWN HOSPITAL ASSOCIATION	\$543,780.22	\$548,700.02	(\$4,919.80)
UPMC HORIZON	\$285,696.02	\$292,949.15	(\$7,253.13)
UPMC MCKEESPORT	\$633,603.22	\$648,914.92	(\$15,311.70)
UPMC MERCY	\$1,707,156.17	\$1,727,425.30	(\$20,269.13)
UPMC NORTHWEST	\$298,002.52	\$301,307.43	(\$3,304.91)
UPMC PRESBYTERIAN SHADYSIDE	\$4,853,496.59	\$4,879,236.90	(\$25,740.31)
VALLEY FORGE MEDICAL CENTER	\$411,905.09	\$415,181.51	(\$3,276.42)
WARREN GENERAL HOSPITAL	\$162,816.38	\$192,249.36	(\$29,432.98)

** Denotes hospital for which various data elements could not be verified.

Exhibit 5 - Uncompensated Care (Continued)

<u>Hospital</u>	<u>DPW Original Payment</u>	<u>Auditor General</u>	<u>DPW Overpayment (Underpayment)</u>
		<u>Recalculated Payment Entitlement</u>	
WASHINGTON HOSPITAL	\$612,286.14	\$624,032.51	(\$11,746.37)
WAYNE COUNTY MEMORIAL HOSPITAL	\$0.00	\$160,733.20	(\$160,733.20)
WEST PENN-ALLEGHENY GENERAL HOSPITAL	\$1,475,911.50	\$1,490,339.49	(\$14,427.99)
WESTERN PENNSYLVANIA HOSPITAL	\$1,058,263.73	\$1,067,258.25	(\$8,994.52)
YORK HOSPITAL	\$1,486,193.49	\$1,499,639.67	(\$13,446.18)
TOTALS	\$75,256,424.66	\$75,256,424.70	(\$0.04)

DEPARTMENT OF PUBLIC WELFARE'S RESPONSE



COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF PUBLIC WELFARE

October 17, 2013

Ms. Tracie L. Fountain, CPA
Director
Bureau of Firefighters' Relief Association Audits
Department of the Auditor General
316-D Finance Building
Harrisburg, Pennsylvania 17120

Dear Ms. Fountain:

Thank you for your August 27, 2013 letter, which transmitted the draft report for the Tobacco Settlement Uncompensated Care and Extraordinary Expense Payments to Hospitals and for providing the Department of Public Welfare (DPW) with the opportunity to comment. The purpose of the review was to determine whether the 164 hospitals receiving payments could document their entitlement to the funds received. As a result of this review, the Auditor General (AG) is recommending that DPW change its data collection and payment process and redistribute the 2010 tobacco payments consistent with their calculations.

DPW was recently notified that, as a result of an arbitration decision concerning payments made in 2003, Pennsylvania's share of payments from the tobacco Master Settlement Agreement (MSA) will be reduced by an estimated \$180 million - \$220 million, or 60 percent of the Commonwealth's base tobacco payment. Due to the uncertainty concerning the future of the Uncompensated Care and Extraordinary Expense Programs, DPW will not be considering the establishment or implementation of new policies, procedures, or practices at this time.

Finding No. 1:

Extraordinary Expense Claims Data Utilized by the DPW Was Not Entirely Accurate Resulting in Hospitals Receiving \$859,496 More Than They Were Entitled to Receive

AG Recommendation: Establish a mandatory requirement for hospitals to access the Pennsylvania Health Care Cost Containment Council's (PHC4) website during the claims verification process timeframes established by PHC4 and make corrections to the previously submitted claims data as necessary. Further, establish a penalty for hospitals failing to adhere to this process.

DEPARTMENT OF PUBLIC WELFARE'S RESPONSE (Continued)

In the event that DPW believes the PHC4 verification process does not resolve disallowances, the AG recommends that the DPW consider implementing another process to collect final hospital extraordinary expense data or work with the PHC4 to develop a more reliable claims database from which to base DPW's extraordinary expense payments. Finally, the AG recommends DPW collect overpayments and make additional payments to hospitals based on the AG's review results.

DPW Response:

As stated above, DPW is not establishing or implementing new policies, procedures, or practices for the Hospital Extraordinary Expense Program at this time due to the uncertainty surrounding this program's future.

DPW disagrees with the payment discrepancies identified by the AG. The AG used certain information in their review that was not available to DPW at the time the extraordinary expense eligibility and payment amounts were calculated. In fact, the information used by the AG included claims that had not even been submitted by hospitals for consideration as an extraordinary expense claim at the time DPW calculated these payments. Given the passage of time, which resulted in the availability of more current data to the AG, their calculations of extraordinary expense payments, logically, are different from that of DPW.

According to the draft report, the AG identified the key problem pertaining to the identification of extraordinary expense claims as being the fact that hospitals' initial payer designations are subject to change. Although the AG recognized this issue, they failed to recognize that DPW is required by the Tobacco Settlement Act and by its approved State Plan to make extraordinary expense payments to qualifying hospitals on an annual basis. DPW also must report the identity of the qualifying hospitals and their payment amounts to the General Assembly by November 30 of each year. In order to comply with these requirements, DPW must use the best information available at the time to determine eligibility and payment amounts. As you are aware, the calculation of payment amounts is complicated and involves substantial work. In order to perform these annual calculations, DPW cannot allow the information verification process to continue indefinitely, but must establish an endpoint for submitting changes to hospital information. This endpoint occurs after the PHC4 website application has been inactivated and the data is finalized and forwarded to DPW for use in the Extraordinary Expense Program calculations, thereby providing a "snapshot" or "point in time" calculation. Absent such an endpoint, DPW would be recalculating and redistributing annual payments each and every time a hospital changes the payer designation, even for one eligible claim.

Further, prior to the finalization of the data and in order to receive the most current available information from the hospitals, as part of the annual claims verification process, PHC4 provides hospitals with the opportunity to review and update their self-pay records through the use of a PHC4 website specifically designed and dedicated for this purpose. DPW and PHC4 encourage hospitals to access this website through

DEPARTMENT OF PUBLIC WELFARE'S RESPONSE (Continued)

written notification from PHC4. In addition, DPW has solicited and received the Hospital and Healthsystem Association of Pennsylvania's (HAP) assistance in providing additional notice to hospitals encouraging use of the website. For the 2010 payments, DPW's Bureau of Fee-for-Service Program, Division of Rate Setting staff also contacted each hospital that received a Tobacco Extraordinary Expense payment in the prior year, and requested their cooperation in verifying and reconciling their 2010 self-pay records. Of the hospitals contacted, 95 percent accessed and utilized the PHC4 website to verify the information provided. After providing this opportunity for hospitals to verify the information, PHC4 finalized the data and forwarded it to DPW for use in its payment calculations for 2010. DPW is not aware of any alternate process or data source which will result in the provision of better data. Given hospitals' familiarity with the PHC4, DPW considers the use of PHC4 and its website the most effective and efficient means to collect the information from hospitals.

The Tobacco Settlement Act and DPW's approved State Plan require DPW to annually calculate and disburse extraordinary expense payments to qualifying hospitals. Neither requires DPW to recalculate and redistribute payments as updated information becomes available from hospitals after the DPW has made its determination. Given the number of hospitals potentially eligible for extraordinary expense payments and the fact that payer designations within each eligible claim for all of these hospitals are subject to change for indefinite periods of time, such a requirement would result in constant revision and recalculation of payment amounts for indefinite periods of time, which is a result seemingly inconsistent with the General Assembly's intent.

Even though DPW is not required to make any funding adjustments, we will determine what adjustments, if any, we can make given the uncertainty of the program going forward as well as other uncertainties. Any collection of overpayments or making any additional payments will be based on this determination.

Finding No. 2:

Uncompensated Care Data Elements Utilized by the DPW Was Not Entirely Accurate Resulting in a Redistribution of \$926,483 among the 94 Hospitals that Received this Payment

AG Recommendation: DPW collect any overpayments from, or make additional payments to, hospitals based upon the results of their uncompensated care reviews. Further, the AG recommends that DPW establish a system that penalizes each hospital for each data element for which it fails to provide supporting documentation.

The AG included specific recommendations pertaining to two hospitals as follows:

- Troy Community Hospital should be required to return the payment it received due to the fact that the hospital's uncompensated care (UC) score, based upon the results of their reviews, fell below the median UC Score to qualify for an uncompensated care payment; and,

DEPARTMENT OF PUBLIC WELFARE'S RESPONSE (Continued)

- Wayne County Memorial Hospital should receive an additional payment from the uncompensated care approach, due to the fact that the hospital's UC score, based upon the results of their reviews, exceeded the median required to qualify for an uncompensated care payment.

DPW Response:

For the AG's recommendations that DPW establish different data collection requirements, practices, and processes and penalties for hospitals failing to comply with the new processes, as stated above, DPW is not establishing or implementing new policies, procedures, or practices for the Hospital Uncompensated Care Program at this time.

The AG indicates that the purpose of their reviews, in part, is to determine whether each hospital received the payment to which it was entitled. However, unlike DPW, the AG reviews the data only for those hospitals that received uncompensated care payments; however, DPW is required to determine eligibility and calculate payments based on data from all hospitals. In determining the median UC score, DPW bases its calculation on information from all eligible hospitals; however, the AG used revised data from a subset of those hospitals, specifically the hospitals that received an uncompensated care payment and in some cases those hospitals that received an extraordinary expense payment, but did not review data for all eligible hospitals. Even assuming that DPW's calculation of uncompensated care eligibility and payments was not based on accurate data, without a full review of *all* the eligible hospitals' data as required by law and DPW's approved State Plan, the AG's calculations of uncompensated care payments cannot be a basis on which to redistribute the 2010 Uncompensated Care payments.

As previously stated for the extraordinary expense payments, the Tobacco Settlement Act and DPW's approved State Plan require DPW to annually calculate and disburse payments (both extraordinary expense and uncompensated care payments) to qualifying hospitals. Neither requires DPW to recalculate and redistribute payments based on updated or audited information. In fact, the intent of the Tobacco Settlement Act supports DPW's practice of basing its calculation on the data available at that time. In designating the information to be used to calculate a hospital's uncompensated care score, the Tobacco Settlement Act provides that each element is to be based on "*the most recent hospital financial analysis data reported to [PHC4]*" and "*the most recent data available to the Department.*" 35 P.S. §5701.1104(c). Therefore, DPW will not collect overpayments from, or make additional payments to, hospitals based upon the results of the uncompensated care reviews.

The AG's recommendations that Troy Community Hospital return the payment it received and Wayne County Memorial Hospital receive an additional payment are based on the results of their reviews of uncompensated care payments and determination of a revised median UC score. However, as stated above, the AG determined the median UC score using revised data from a subset of all eligible

DEPARTMENT OF PUBLIC WELFARE'S RESPONSE (Continued)

hospitals, specifically the hospitals that received an uncompensated care payment and in some cases the hospitals that received an extraordinary expense payment, but did not review data for all eligible hospitals. Without a full review of all the eligible hospitals' data, as required by law and DPW's approved State Plan, the AG's calculations of uncompensated care payments cannot be a basis on which to redistribute the payments. Therefore, DPW will not require that Troy Community Hospital return the UC payment it received and will not make an additional payment to Wayne County Memorial Hospital.

Thank you for the opportunity to respond to these findings. Please contact Ms. Trudy Oberholtzer, Bureau of Fee-for-Service Programs at (717) 772-6060 if you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Karen K. Deklinski". The signature is fluid and cursive, with a large initial "K" and "D".

Karen K. Deklinski
Deputy Secretary for Administration

c: Ms. Trudy Oberholtzer, Bureau of Fee-for-Service Programs

**PENNSYLVANIA HEALTH CARE COST CONTAINMENT
COUNCIL'S RESPONSE**

September 20, 2013

Tracie L. Fountain, C.P.A.
Director, Bureau of Firefighters' Relief Association Audits
Department of the Auditor General
Commonwealth of Pennsylvania
Room 316-D Finance Building
Harrisburg, PA 17120-0018

Dear Ms. Fountain:

On behalf of the Pennsylvania Health Care Cost Containment Council (PHC4), I thank you for the opportunity to comment on the 2010 Tobacco Settlement Fund Summary Report. As with previous reports, we appreciate and support the valuable work of the Auditor General's (AG) Office and efforts to improve the quality of data used in the process. The AG's work has been very valuable in dealing with the complex process of identifying uncompensated care cases.

In addition to its regular data verification process, PHC4 provides an additional web-based verification process for hospitals applying for Extraordinary Expense (EE) or Uncompensated Care (UC) payments under the Tobacco Settlement Act.

EE Program

Of the 70 hospitals that received EE payments during the audited period 65 hospitals used PHC4's site to verify their data an additional time. The remaining five hospitals did not verify their data at PHC4's site; however, they only account for 1% of the total redistribution. Specifically, two of the five hospitals combined account for \$84,000 (1.8%) of the \$4.7 million underpayment and the other three hospitals combined account for \$76,000 (1.4%) of the \$5.6 million overpayment.

EE Overpayment

Lancaster General Hospital (LGH) has accounted for the vast majority of the EE overpayments for the past three audits: 2008-2010 Tobacco Settlement Summary Reports. LGH utilized PHC4's self-pay verification website for all years of data. LGH's EE overpayments on the last four audits were:

1. **2010:** LGH is 88% (\$4.9 million) of the \$5.6 million EE overpayment (2008 PHC4 data)
2. **2009:** LGH is 73% (\$2.9 million) of the \$3.9 million EE overpayment (2007 PHC4 data)
3. **2008:** LGH is 62% (\$1.7 million) of the \$2.8 million EE overpayment (2006 PHC4 data)
4. **2007:** LGH is 8% (\$148,000) of the \$1.9 million EE overpayment (2005 PHC4 data)

PENNSYLVANIA HEALTH CARE COST CONTAINMENT
COUNCIL'S RESPONSE (Continued)

EE Underpayment

Of the EE underpayment, 33% came from three hospitals. Combined the three hospitals underpayment is \$1.6 million. These hospitals utilized PHC4 verification website but the auditor identified 25 new records not initially submitted to PHC4 at two of the hospitals.

1. **St Luke's Hospital /Bethlehem:** 12% (\$553,000) of the \$4.7 million EE underpayment (auditor removed 14 records)
2. **Reading Hospital:** 11% (\$523,000) of the \$4.7 million EE underpayment (auditor added 8 new records)
3. **Pocono Medical Center:** 10% (\$480,000) of the \$4.7 million EE underpayment (auditor added 17 new records)

UC Program

Over and under payments through the UC Program included a small number of hospitals accounting for large percentages of the audit exceptions:

- 69% of the overpayment came from one hospital: **St Christopher's Hospital for Children**
- Two hospitals each account for 17% individually for the underpayment: **Wayne Memorial Hospital and Temple University Hospital**

It is important to note that this process continues to improve significantly over time. **In that light, I would respectfully suggest further exploration as to what is unique about the processing of claims at hospitals that had a significant impact on the overall numbers.**

PHC4 stands ready to work further with the Auditor General's Office and the Department of Public Welfare (DPW) in the spirit of continuous quality improvement. As always, we will duly consider your recommendations in our ongoing efforts to achieve system enhancements that will further reduce overpayments and underpayments for uncompensated care cases associated with the Tobacco Settlement Act.

Best regards,

Joe Martin
Executive Director

REPORT DISTRIBUTION LIST

This report was initially distributed to:

The Honorable Tom Corbett
Governor
Commonwealth of Pennsylvania

Beverly Mackereth
Secretary
Department of Public Welfare

The Honorable Robert M. McCord
State Treasurer
Commonwealth of Pennsylvania

Ms. Anna Maria Kiehl
Chief Accounting Officer
Office of the Budget

Ms. Jolene Calla
Director
Bureau of Fee-For-Service Programs
Department of Public Welfare

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HSPS Supervisor
Division of Rate Setting
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Ms. Paula Bussard
Sr. Vice President of Policy &
Regulatory Services
The Hospital and Healthsystem
Association of Pennsylvania

All Hospitals Contained in
This Report

This report is a matter of public record and is available online at www.auditorgen.state.pa.us. Media questions about the report can be directed to the Pennsylvania Department of the Auditor General, Office of Communications, 231 Finance Building, Harrisburg, PA 17120; via email to: news@auditorgen.state.pa.us.

EXHIBIT B

TOBACCO FUND PAYMENTS SUMMARY REPORT

Hospitals' Subsidy Entitlement to
Extraordinary Expense and
Uncompensated Care Payments
Received from the Department of
Public Welfare in November 2011

October 2014



Commonwealth of Pennsylvania
Department of the Auditor General
Eugene A. DePasquale • Auditor General



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**EUGENE A. DePASQUALE
AUDITOR GENERAL**

October 2, 2014

The Honorable Tom Corbett
Governor
Commonwealth of Pennsylvania
Harrisburg, Pennsylvania 17120

Dear Governor Corbett:

The Tobacco Settlement Act of June 26, 2001 (P.L. 755, No. 77), as amended, 35 P.S. § 5701.101 et seq. (Act), mandated the Department of Public Welfare (DPW) to make payments to hospitals for a portion of uncompensated care services provided by these facilities. On November 4, 2011, the DPW calculated payment entitlements totaling \$72,746,494 to fund a total of 159 hospitals for uncompensated care under the extraordinary expense approach and the uncompensated care approach. Under the extraordinary expense approach, 68 hospitals were allocated a total of \$10,911,974. These payments were based on claims data submitted by the hospitals to the Pennsylvania Health Care Cost Containment Council (PHC4). Under the uncompensated care approach, 91 additional hospitals were allocated a total of \$61,834,520. These payments were based on three-year averages from five main data elements (for a total of fifteen data elements). These data elements are uncompensated care costs, net patient revenues, Medicare supplemental Security Income (Medicare SSI) days, Medical Assistance (MA) days and total inpatient days.

The Department of the Auditor General conducted reviews of the data submitted by each of these hospitals to determine whether each hospital received what it was entitled to under the requirements of this Act. This report summarizes the results of our 159 reviews and includes recommendations for improving the program's data collection and payment process.

The Department of the Auditor General performed reviews of the documentation submitted to the PHC4 by all 68 hospitals that received the extraordinary expense payments made on November 4, 2011. The purpose of these reviews was to determine whether proper documentation existed to support the claims submitted as extraordinary expense-eligible claims and to determine whether each hospital received the payment to which it was entitled. The results of these reviews determined that \$855,649 of the \$10,911,974 originally calculated and distributed to the 68 hospitals under the extraordinary expense method require repayment to the Commonwealth and redistribution by the DPW to the qualified hospitals. This net overpayment